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Making Member Relations Succeed

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FARMER COOPERATIVE SERVICE
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The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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Making Member Relations Succeed

by Irwin W. Rust

*Membership Relations Branch
Management Services Division*

In the early days of farmer cooperatives, a member learned about his association by actually taking part in its affairs and functions. But as cooperatives became more specialized and grew in size and variety of services, they began to delegate more and more of the actual operations to employees they hired.

Changes in Today's Co-op

Thus today the detailed knowledge of cooperative affairs is likely to be confined only to those members acting in some official capacity such as on the board of directors. And consequently the rank and file member feels less involved in his cooperative.

In addition, today's member no longer thinks of his cooperative as a major social outlet. He no longer has as much time to spend on it. There is increasing competition for his time and interest from other activities. And he is often quite a ways removed from

the cooperative -- both because of the larger areas most cooperatives serve and the increasing technical knowledge required to run many aspects of the business.

All these changes make it increasingly difficult to maintain a feeling of warm, close personal relationships between cooperatives and their members.

But at the same time the need for this close relationship has become more and more imperative. For experience has taught us that the informed -- and involved -- member is the loyal member. And the loyal member in turn provides the foundation for a strong, vigorous cooperative.

Progressive and far-sighted cooperative leaders have recognized the difficulty and the necessity of keeping



Meetings to educate and inform members about their organization are helpful to any member relations program.

members well-informed, and over the years have developed various methods of membership education.

Methods Used

Today, these educational activities are usually grouped into what is called a member relations program. Usually these programs include at least the following three methods -- meetings, personal contacts, and printed materials and audio-visual aids.

Meetings

Meetings include such events as the annual membership meeting, local or district member meetings, and board meetings.

At the annual meeting, members learn about their cooperative by listening to officers and key employees review policies and give an accounting of their stewardship for the preceding year in the form of an annual report. Here also they have an opportunity to ask questions on any points bothering them.

Local or district meetings are often held by the larger cooperatives. Here members meet cooperative staff personnel who brief them on cooperative affairs.

Board meetings, by necessity largely restricted to directors, give board members an opportunity to learn the more technical details of the

organization and operation of their cooperative.

Personal Contacts

The second method for educating members, personal contacts, is particularly effective if well planned. Such contacts may be between member and employee, member and director, or even member and another member. Contacts may be made in the cooperative's office, on the member's farm, on the street, or at any gathering where cooperative members and staff meet. Worthwhile contacts may be made also during special events, such as an educational tour or speaking contest sponsored by the cooperative.

An advantage of the personal contact method is this: If you're looking a man in the eye, he probably will listen to what you have to say.



Personal contacts may be made at special events, on members' farms, or at any gathering where cooperative members and staff meet.

Publications and Audio-Visuals

A third method for educating members is printed materials and audio-visual aids. Among the most widely used are printed annual reports; regularly issued magazines, newspapers or newsletters; outside newspaper stories; radio and television programs; institutional advertising; and posters and charts. An advantage printed materials have is that they can be studied at leisure. A disadvantage is that they can easily be discarded, for a man reading his mail in the privacy of his home can't be forced to read if he doesn't want to.

With several choices of methods, a cooperative planning a member education program must devote most of its attention and funds for this activity to methods that have proved their worth in the past.

Methods Measured

To measure the relative effectiveness of these various methods, in 1950 the Membership Relations Branch of Farmer Cooperative Service made a survey of 2,750 members of a large, federated cooperative noted for its member relations program. These 2,750 were asked to rank, in order of effectiveness, seven educational devices most commonly used by their cooperative. These seven most effective methods turned out to be:

1. Cooperative periodicals, 2. personal contacts, 3. circular letters, 4. annual

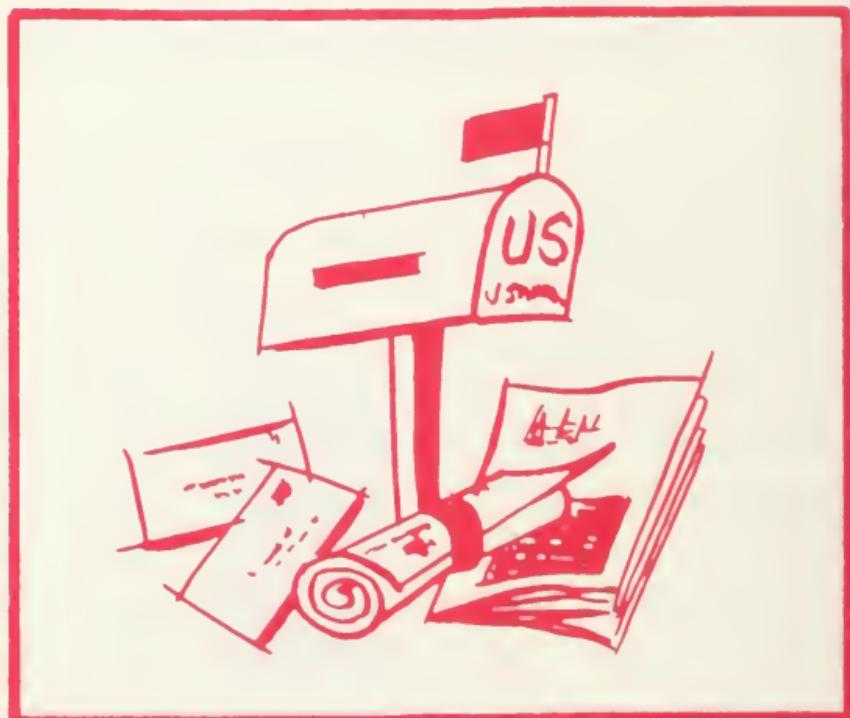
reports, 5. annual meetings, 6. educational exhibits, 7. radio programs.

A similar survey was made in 1960 which bore out the results of the 1950 survey -- with cooperative periodicals and personal contacts again listed as the most effective methods and annual meetings as effective as they were thought to be in 1950.

These were the 1960 results:

Cooperative periodicals -- 98 percent of the members surveyed reported reading all or part of their cooperative's periodicals.

Personal contacts -- 83 percent had personal contact with the manager at least once a month, and 55 percent contacted their directors at least once a year.



Printed materials telling the cooperative's story have an advantage, for they can be studied at the member's leisure.

Annual meetings -- only 15 percent of the members attended the annual meeting, 55 percent had never attended an annual meeting.

Points to Remember

Effective membership education must be a continuing process. Many cooperatives today understand this and have set up member education programs as a departmental activity. But many others cannot afford a separate member relations department. However, it is still possible for a cooperative without such a department to have an effective member education program if management -- both directors and manager -- make the best use of the best available methods.

And above all, the program should reflect a thorough understanding of the basic principles of communication.

Key Steps to Sound Programs

So let's dig a little deeper and analyze just what goes on in a sound member education program. Let's speak in abstract terms for a moment. Using these terms, we see three major phases in any membership relations program: Projection, or sending some form of communication. If successful, this results in Motivation -- that is, the creation in the member (receiver) of a desire for -- Action, or participation in the cooperative's program.



Projection -- One basic method of communication is through the appearance of facilities. Impressions formed here may affect the member's overall appraisal of the organization.

Ideally this includes both patronage and participation in cooperative activities.

Note that projection (communication) is the first and key step and that some form of action is the desired end product. But three questions still arise: What shall we project, or communicate? How shall we communicate it? and Why should we communicate?

What to Communicate?

Let's consider first what we shall communicate. Cooperative members

will want to know mainly about these things:

The cooperative itself -- its background, objectives, organization, and general operation; products it handles, where they come from, and where they go.

Cooperative policies -- especially the reason for adopting new policies, or changing old ones, and how policies affect themselves and their fellow members.

Cooperative plans -- involving such things as changes in methods, equipment, services offered.

The outlook -- for business and agriculture in general, and for their product in particular.

Cooperative finances -- about savings or losses; about plans for the future, such as development of new methods of procurement or marketing; about development of new products.

To summarize, cooperative members want full information about their cooperative, including the good and the bad news.

How to Communicate?

Now for the second question -- How shall we communicate?

We know that the act of communicating is an exchange of ideas, opinions or impressions. This exchange takes

place through several communication channels. For example, we can exchange ideas through:

Words -- spoken or written.

Sight -- pictures or other visual impressions.

Activities -- such as the day-to-day operations of your cooperative.

Attitudes -- expressed by the manner in which your cooperative performs services.

Perhaps the most important thing to remember when thinking about how to communicate is this: WE CAN'T STOP COMMUNICATING.

We communicate all the time, whether we intend to or not. You have all gone into a store, for example, and stood waiting while a clerk finished some bit of idle gossip before waiting on you. Your reaction was probably something like this, "If they don't need my business any more than this, I'll go somewhere else"!

The clerk's indifferent attitude communicated itself to you. And your reaction, from the point of view of the store, was highly undesirable. You stopped patronizing it.

Or, take visual communication. If you have a choice between two business firms, one of them shoddy and run down in appearance and the other immaculate, you are apt to patronize

the one with the better appearance. Both communicated to you visually, and you reacted accordingly.

How can a cooperative make the best use of such involuntary communication? Simply by being everlastingly aware that it is going on, and by guiding itself accordingly.

Why Communicate?

And now for the third question -- Why should we communicate? This is a little more difficult to answer.

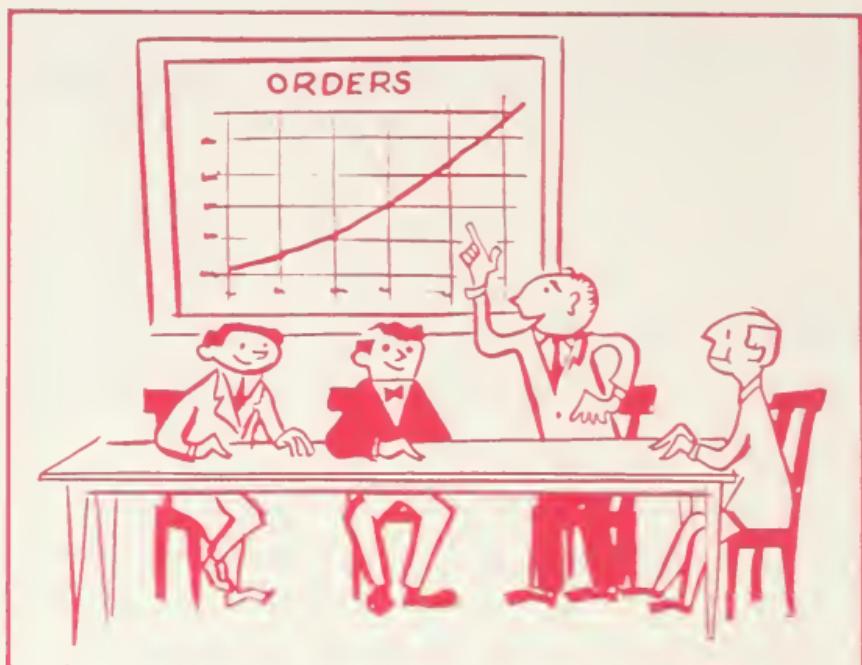
Because the better informed the cooperative member is, the better the cooperative will be and the better it can compete with the increasing competition of today's modern economy of bigness and concentration of power.

Coming Events Cast Shadows

Someone has aptly remarked that "Coming events cast their shadows before." We are now in those shadows.

For today's cooperative member lives in the shadows of this bigness and concentration of power everyday, whether it's Big Business, Big Labor, or Big Government. He meets it when he sells his farm products and when he buys his production supplies.

The Federal Trade Commission reported this about total food sales in 1958: Food chains with 11 or more stores accounted for 28 percent, the



Motivation -- *Making members aware of co-op operations is one method of creating a desire to participate.*

largest food chains accounted for over 29 percent, and the four largest food chains accounted for 20 percent.

The member also confronts this increased size and decreased number of firms when he buys farm supplies.

Thus today's cooperative member is engulfed in the wave of bigness that is not only sweeping him along in its wake, but his cooperative as well.

Farmer cooperatives are decreasing in number. But farmer cooperatives continue to hold their share of the agricultural market. This means that cooperatives, like other businesses, are growing in size.

Farms have decreased in number. But the farm of today's cooperative member has grown 29 percent in size since 1940 and is still growing.

These conditions then face the member and his cooperative: fewer farms, bigger farms, and increasing concentrations of economic power -- and from these concentrations a new, startling efficiency.

In 1960 an article in *Business Week* described how an electronic computer, then being tested, works.

A computer at company headquarters is connected to similar computers at the company's branch plants. Information fed into branch-plant computers is flashed to the headquarters computer which processes it and arrives at a decision in a matter of seconds.

The decision may then either be referred to an employee for approval -- or sent back to the branch-plant computers as an order. Conceivably the branch-plant computers could then carry out the order untouched by human hands or heads.

The efficiency of these machines in an organization means no wrong moves, no impulsive gestures, no hanging on to unneeded plants, unwanted products, or unneeded employees, and no chances for discussion to bring in ideas from the organization's owners or employees.

Listen also to Harold J. Leavitt of Carnegie Institute of Technology's Graduate School of Industrial Administration. He has said:

"I argue that a third technology is already moving in -- let's call it

information technology -- that its major idea is the idea of information theory; that its tools are a new mathematics and the computers; that its practitioners are eggheads -- operations researchers; or simulators, computer program designers and such; and finally, that its target is the conversion of the middle and upper management decisions from seat-of-the-pants judgments to analytic problem solutions."

Computers now handle many functions formerly handled by middle management, such as foremen and branch-plant managers. Through these machines, control can be concentrated at the very top of an organization, control based on information accurate and precise to a degree never dreamed of a few years ago. This is an almost autocratic control.

Co-ops Vs. Autocratic Efficiency

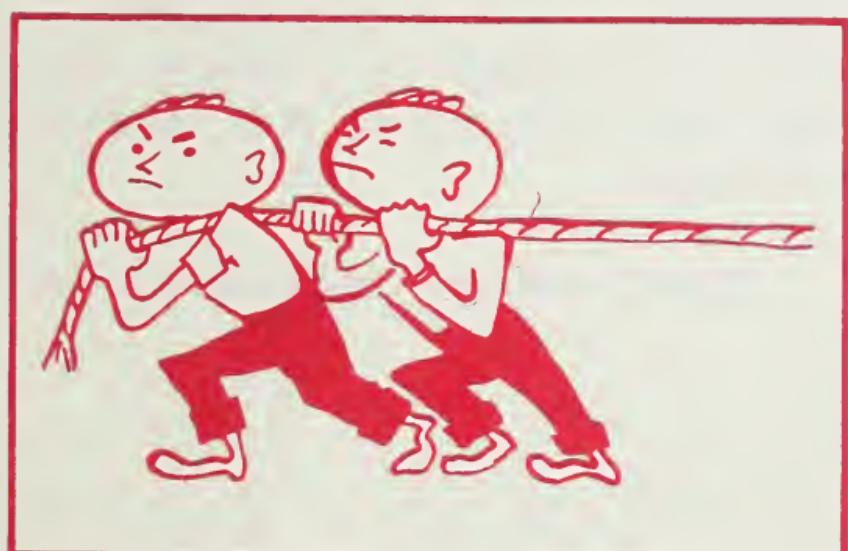
Can cooperatives, democratic in form and by nature of that form deliberate and slow, compete with this control, this efficiency? To do so, today's cooperative member may have to give up some prerogatives that he enjoyed in the past. These could be deciding what and where to plant, to buy, and to sell. Does today's cooperative member have the information, the understanding of what he and his cooperative are faced with, to accept this discipline?

This is his decision to make. And to provide him with the information

to make a sound decision lies within the responsibility of the cooperative's member relation program. But before providing him with this information must come this important realization: that today's cooperative member differs from yesterday's.

One cooperative leader put it this way. "...we probably are safe in assuming that increasingly the member we are dealing with has joined the association well after its founding; that he played no part in its early struggles; that he has, therefore, no emotional involvement with it; and that he belongs to the organization mainly for commercial reasons arrived at through rational, intellectual processes rather than because of any deep-seated economic or social philosophy.

"...the challenge to the cooperative's member relations program in the future is to find some way of cracking this hard commercial shell and then providing the member with



Action -- A good member relations program must find ways to persuade members to pull together for the solution of mutual problems.

a rationale for membership participation that will fit his kind of business and social thinking.

"Obviously, what we need now is to thread our way between these extremes of sentimentality and materialism, picking our way along the hard, if narrow, ground of truth until it brings us to a sound basis for a successful membership participation program."

But participation, perhaps in program development, is not enough. The above writer concludes that "the intangibles -- the sense of belonging, of sharing, of having an effective voice -- these are the vitamins that keep the cooperative body strong and vigorous."

The challenge to your cooperative is to find ways to operate effectively in today's efficient marketplace while maintaining the fundamental virtues which set cooperatives apart -- and to instill in members an awareness of those virtues, a sense of pride of ownership of an organization so uniquely endowed. It is up to you to help your cooperative face up to that challenge.

Strong member relations is the key.

Other FCS Publications Available

Exploring Communication Processes in a Farmer Cooperative -- A Case Study. General Report 97. James H. Copp and Irwin W. Rust.

How Do Members Use a Co-op Paper? General Report 30. Job K. Savage.

Making Your Membership Publication Do the Job. Information 13.

Suggested Steps for Improved Member Relations. Information 12. Oscar R. LeBeau.

Popular Publications on Farmer Cooperatives. Information 7.

A copy of each of these publications may be obtained while a supply is available from --

Information Division
Farmer Cooperative Service
U. S. Department of Agriculture
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